

Independent Review Committee Report

To Security Holders

for the period from October 1, 2020 to September 30, 2021



MESSAGE TO SECURITY HOLDERS OF DESJARDINS FUNDS

The members of the Desjardins Funds' Independent Review Committee (the "IRC") submit their Annual Report to Security Holders of Desjardins Funds (the "Funds").

Under National Instrument 81-107, Independent Review Committee for Investment Funds ("NI 81-107"), which came into force in 2007, all investment funds created in Canada that are reporting issuers are required to set up an independent committee to advise the fund manager with respect to conflicts of interest that may arise in its fund management.

The IRC's mandate is to review conflict of interest matters referred to it by Desjardins Investment Inc., the Funds' Manager, and to recommend actions to achieve a fair and reasonable result for the Funds.

The IRC must annually review the policies and procedures adopted by the Funds' Manager to resolve any potential conflict of interest matters. The IRC must ensure that these policies and procedures are adequate. At least once a year, the IRC must also review and assess the independence, effectiveness and compensation of its members.

The IRC works in the interest of the Funds and, consequently, of the Security Holders. Furthermore, the IRC collaborates effectively with the Funds' Manager.

Security Holders of a Fund may obtain a copy of this report free of charge by contacting Desjardins Funds Customer Service at 514 286-3499, 1 866 666-1280 or by visiting desjardinsfunds.com or sedar.com.

A handwritten signature in black ink, appearing to read "J. P. Duguay".

Jean-Pierre Duguay

Chair, Desjardins Funds' Independent Review Committee

INDEPEDENT REVIEW COMMITTEE REPORT TO SECURITY HOLDERS

**Desjardins Funds' Independent Review Committee
Report to Security Holders**
(Section 4.4 of NI 81-107)
For the period from October 1, 2020 to September 30, 2021

Introduction

This report was prepared by the Independent Review Committee (the "IRC") for the Security Holders of each of the Desjardins Funds (the "Funds") listed at the end of this document.

Desjardins Investments Inc. is the Desjardins Funds' Manager and Sponsor.

This report was prepared in accordance with the provisions of National Instrument 81-107, Independent Review Committee for Investment Funds ("NI 81-107").

IRC Members

Jean-Pierre Duguay, *Chair, Independent Review Committee*

Luc Pelland

Claude Caty

Mr. Jean-Pierre Duguay was appointed by the members of the IRC, in agreement with the Funds' Manager, on January 1, 2015 for an initial term of three years. During the IRC's meeting on December 12, 2017, the members renewed his term for a period of three years, ending on December 31, 2020. The Manager renewed Mr. Duguay's term for a period of one year, ending on December 31, 2021. Mr. Duguay is acting as Chair of the IRC since January 1, 2020.

Mr. Luc Pelland was appointed by the members of the IRC, in agreement with the Funds' Manager, and has been in position since January 1, 2012. His initial term having ended on December 31, 2014, the members, in agreement with the Manager, renewed his term for a period of two years, ending on December 31, 2016. During the IRC's meetings held on December 12, 2016, December 12, 2017, December 13, 2018, December 17, 2019, and December 17, 2020, the Manager informed members of its intention to extend Mr. Pelland's term for a period of one year. His current renewal extended M. Pelland's term until December 31, 2021.

Mr. Claude Caty was appointed by the members of the IRC, in agreement with the Funds' Manager, on December 17, 2019 for an initial term of three years starting on January 1, 2020.

None of the IRC members serve as members of an independent review committee for investment funds managed by another manager. IRC declarations show that none of its members have any relationship that would cause a reasonable person to question their independence.

INDEPEDENT REVIEW COMMITTEE REPORT TO SECURITY HOLDERS

FOR THE PERIOD FROM OCTOBER 1, 2020 TO SEPTEMBER 30, 2021

Ownership of Securities

As at September 30, 2021, members of the IRC did not own, in aggregate, directly or indirectly, more than 10% of the outstanding securities of any of the Funds. None of the members of the IRC owns, directly or indirectly, securities of the Manager or an entity that supplies services to the Funds or the Manager or to affiliates of the Manager.

Compensation and Indemnities

The IRC members are entitled to compensation by the Funds. They may also be indemnified by the Funds when circumstances so justify, and if allowed by NI 81-107.

The IRC members meet with representatives of the Manager regularly, at least quarterly. At the end of each meeting, the IRC members meet privately, without the Manager's representatives, to freely discuss matters that involve them, as well as their concerns in this respect. The Chair then meets with one of the Manager's representatives to share the decisions made during said private meeting, as needed.

During its last year of operations, that is, from October 1, 2020 to September 30, 2021, the IRC held four regular meetings. The aggregate compensation paid by the Desjardins Funds to the IRC members for the period ended September 30, 2021 amounts to \$101,275. This amount was allocated proportionally among the Funds.

The initial compensation of the IRC members was set by the Manager, as stipulated in NI 81-107. Pursuant to its charter, the IRC reviews and assesses its compensation annually based on its last assessment, the Desjardins Group Director's Compensation Policy, the number of Funds the IRC evaluates, as well as comparable industry practices.

Charter

The IRC has drawn up its charter in collaboration with the Manager. Adopted on October 3, 2007, the charter came into force on the same date and complies with NI 81-107, on which it is largely based. No changes were brought to the charter during the period outlined in this report.

Conflict of Interest Matters

During the year ended September 30, 2021, the IRC was not aware of any conflict of interest matters in respect of which the Manager has not followed the IRC's recommendations or not complied with any conditions imposed by the IRC in its recommendations or its approval, as the case may be.

During the year, the Manager complied with the policies and procedures it adopted relating to the management of potential conflict of interest situations. The Manager also complied with all standing instructions approved by the IRC.

During the year, the Manager filed two cases for IRC recommendation and the IRC gave a favourable opinion on the submitted files. The IRC received from the Manager the required disclosures in accordance with the standing instructions on *Transaction of securities of connected issuers, related issuers and significant shareholders*, on *Investments in security classes of an issuer where a related party acts as underwriter*, on *Transaction of securities with a Desjardins Group member*, on *Transactions between funds* and on *Investment in debt securities not rated by a related issuer*. As part of these disclosures, the Manager answered all questions asked by IRC members regarding the submitted transactions. The Manager also added to its disclosures all additional and relevant information requested by IRC members.

Potential conflicts of interest matters, for which the IRC's recommendation or approval may be required, depending on the situation, are listed below. At the start of its mandate, the IRC familiarized itself with this list, as well as the policies and procedures the Manager has adopted with respect to the listed potential conflict of interest matters. Accordingly, the IRC has made recommendations and the Manager has made according changes to this list, as well as its policies and procedures:

Approvals

- Prohibited investments
- Self-dealing
- Inter-fund trades
- Restructuring an investment fund
- Changing the auditor of a mutual fund
- Purchasing and selling mortgage securities by the Desjardins Short-Term Income Fund from/to affiliates

INDEPEDENT REVIEW COMMITTEE REPORT TO SECURITY HOLDERS

Recommendations

- Allocating operating expenses between the investment fund and the Manager
- Allocating operating expenses between investment funds of the same family
- Changing the basis for calculating fees and expenses
- Introducing new fees or expenses
- Calculation error relating to the net asset value (NAV) or a distribution
- Changing the investment fund's constituent document
- Market timing
- Changing an investment fund's main investment objective
- Winding up the mutual fund
- Inappropriate investments by the investment fund
- Buying securities of the Manager or an entity of the same group as the Manager or an entity holding more than 20% of any of said entities
- Investing in an entity holding more than 20% of a fund
- Investing in an entity in which a Desjardins senior manager or an officer is an officer
- Inter-fund trades
- Soft dollar arrangements, except for executing orders
- Loaning securities
- Negotiating services for the investment fund with non-arm's length parties with respect to the Manager or a member of the investment fund's organization or an entity belonging to the same group as the Manager or a member of the investment fund's organization
- Replacing the external portfolio manager or sub-manager with a manager or sub-manager whose compensation is lower, where the unitholders of the investment fund do not derive any benefit
- Significant trading in the investment fund by Security Holders holding a very large number of securities (institutional investors or others)
- Ensuring that certain types of investors are not favoured with incentives

INDEPENDENT REVIEW COMMITTEE REPORT TO SECURITY HOLDERS

FOR THE PERIOD FROM OCTOBER 1, 2020 TO SEPTEMBER 30, 2021

DESJARDINS FUNDS

INCOME FUNDS

Desjardins Money Market Fund (A-, I-, C-, F- and D-Class Units)
Desjardins Short-Term Income Fund (A-, I-, C-, F-, D- and W-Class Units)
Desjardins Canadian Bond Fund (A-, I-, C-, F-, D- and W-Class Units)
Desjardins SocieTerra Canadian Bond Fund (A-, I-, C-, F- and D-Class Units)
Desjardins Enhanced Bond Fund (A-, I-, C-, F- and D-Class Units)
Desjardins Global Government Bond Index Fund (I-Class Units)
Desjardins Global Total Return Bond Fund (A-, I-, C-, F- and D-Class Units)
Desjardins Global Bond Fund (I-Class Units)
Desjardins SocieTerra Environmental Bond Fund (A-, I-, C-, F-, D- and N-Class Units)
Desjardins Global Managed Bond Fund (I- and W-Class Units)
Desjardins Global Corporate Bond Fund (A-, I-, C-, F- and D-Class Units)
Desjardins SocieTerra Global Bond Fund (I-Class Units)
Desjardins Floating Rate Income Fund (A-, I-, C-, F- and D-Class Units)
Desjardins Global Tactical Bond Fund (A-, I-, C-, F-, D- and N-Class Units)
Desjardins Canadian Preferred Share Fund (A-, I-, C-, F- and D-Class Units)
Desjardins Global High Yield Bond Fund (I-Class Units)
Desjardins Emerging Markets Bond Fund (A-, I-, C-, F- and D-Class Units)

BALANCED FUNDS

Desjardins Global Growth Balanced Fund (formerly known as Desjardins Tactical Balanced Fund) (A-, I-, C-, F- and D-Class Units)
Desjardins Québec Balanced Fund (A-, T-, I-, C-, R-, F-, S- and D-Class Units)
Desjardins Global Balanced Strategic Income Fund (A-, T6-, I-, C-, R6-, F-, S6- and D-Class Units)
Desjardins Dividend Income Fund (A-, T-, I-, C-, R-, F-, S- and D-Class Units)

CANADIAN EQUITY FUNDS

Desjardins Dividend Growth Fund (A-, T-, I-, C-, R-, F-, S-, D- and W-Class Units)
Desjardins Canadian Equity Income Fund (A-, T-, I-, C-, R-, F-, S-, D- and W-Class Units)
Desjardins Low Volatility Canadian Equity Fund (I- and W- Class Units)
Desjardins Canadian Equity Fund (A-, I-, C-, F- and D-Class Units)
Desjardins Canadian Equity Value Fund (A-, T-, I-, C-, R-, F-, S- and D-Class Units)
Desjardins SocieTerra Canadian Equity Fund (A-, I-, C-, F- and D-Class Units)
Desjardins Canadian Small Cap Equity Fund (A-, I-, C-, F-, D and W-Class Units)

AMERICAN EQUITY FUNDS

Desjardins American Equity Value Fund (A-, I-, C-, F- and D-Class Units)
Desjardins American Equity Growth Fund (A-, I-, C-, F-, D- and N-Class Units)
Desjardins American Equity Growth Currency Neutral Fund (A-, I-, C-, F- and D-Class Units)
Desjardins SocieTerra American Equity Fund (A-, I-, C-, F- and D-Class Units)

GLOBAL AND INTERNATIONAL EQUITY FUNDS

Desjardins Low Volatility Global Equity Fund (A-, I-, C-, F- D- and W-Class Units)
Desjardins Overseas Equity Fund (A-, I-, C-, F-, D-, N and W-Class Units)
Desjardins International Equity Value Fund (I- and W-Class Units)
Desjardins Overseas Equity Growth Fund (A-, I-, C-, F-, D and N-Class Units)
Desjardins SocieTerra International Equity Fund (A-, I-, C-, F-, D- and N-Class Units)
Desjardins Global Dividend Fund (A-, T-, I-, C-, R-, F-, S-, D- and W-Class Units)
Desjardins Global Equity Fund (A-, T-, I-, C-, R-, F-, S-, D- and W-Class Units)
Desjardins Global Equity Growth Fund (A-, I-, C-, F-, D-, N- and W-Class Units)
Desjardins SocieTerra Diversity Fund (A-, I-, C-, F- and D-Class Units)
Desjardins SocieTerra Environment Fund (A-, I-, C-, F-, D- and N-Class Units)
Desjardins SocieTerra Positive Change Fund (A-, I-, C-, F-, D- and N- Class Units)
Desjardins Global Small Cap Equity Fund (A-, I-, C-, F-, N- and W-Class Units)
Desjardins SocieTerra Cleantech Fund (A-, I-, C-, F-, D- and N-Class Units)
Desjardins Emerging Markets Fund (A-, I-, C-, F-, N- and W-Class Units)

Desjardins Emerging Markets Opportunities Fund (A-, I-, C-, F-, D-, N- and W-Class Units)
Desjardins SocieTerra Emerging Markets Equity Fund (A-, I-, C-, F-, D- and N-Class Units)

SPECIALTY FUNDS

Desjardins Alt Long/Short Equity Market Neutral ETF Fund (A-, I-, C-, F-, N- and W-Class Units)
Desjardins Global Infrastructure Fund (A-, T-, I-, C-, R-, F-, S-, D- and W-Class Units)

INVESTMENT SOLUTIONS

Melodia Very Conservative Income Portfolio (A-, T4-, I-, C-, R4-, F-, S4- and D-Class Units)
Melodia Conservative Income Portfolio (A-, T4-, I-, C-, R4-, F-, S4- and D-Class Units)
Melodia Moderate Income Portfolio (A-, T5-, I-, C-, R5-, F-, S5- and D-Class Units)
Melodia Diversified Income Portfolio (A-, T6-, I-, C-, R6-, F-, S6- and D-Class Units)
Melodia Moderate Growth Portfolio (A-, I-, C-, F- and D-Class Units)
Melodia Diversified Growth Portfolio (A-, I-, C-, F- and D-Class Units)
Melodia Balanced Growth Portfolio (A-, I-, C-, F- and D-Class Units)
Melodia Maximum Growth Portfolio (A-, I-, C-, F- and D-Class Units)
Melodia 100% Equity Growth Portfolio (A-, I-, C-, F- and D-Class Units)
SocieTerra Conservative Portfolio (A-, T4-, I-, C-, R4-, F-, S4-, O-, P4-, Z4- and D-Class Units)
SocieTerra Moderate Portfolio (A-, T4-, I-, C-, R4-, F-, S4-, O- and P4-Class Units)
SocieTerra Balanced Portfolio (A-, T5-, I-, C-, R5-, F-, S5-, O-, P5-, Z5- and D-Class Units)
SocieTerra Growth Portfolio (A-, T5-, I-, C-, R5-, F-, S5-, O-, P5- and D-Class Units)
SocieTerra Maximum Growth Portfolio (A-, T6-, I-, C-, R6-, F-, S6-, O-, P6- and D-Class Units)
SocieTerra 100% Equity Portfolio (A-, I-, C-, F- and O-Class Units)
Chorus II Conservative Low Volatility Portfolio (A-, T4-, T6-, I-, C-, R4-, R6-, F-, S4-, S6-, O-, P4-, P6- and D-Class Units)
Chorus II Moderate Low Volatility Portfolio (A-, T4-, T6-, I-, C-, R4-, R6-, F-, S4-, S6-, O-, P4-, P6- and D-Class Units)
Chorus II Balanced Low Volatility Portfolio (A-, T5-, T7-, I-, C-, R5-, R7-, F-, S5-, S7-, O-, P5-, P7- and D- Class Units)
Chorus II Growth Portfolio (A-, T5-, T7-, I-, C-, R5-, R7-, F-, S5-, S7-, O-, P5-, P7- and D-Class Units)
Chorus II Aggressive Growth Portfolio (A-, T6-, T8-, I-, C-, R6-, R8-, F-, S6-, S8-, O-, P6-, P8- and D-Class Units)
Chorus II Maximum Growth Portfolio (A-, T6-, T8-, I-, C-, R6-, R8-, F-, S6-, S8-, O-, P6-, P8- and D-Class Units)
Chorus II 100% Equity Growth Portfolio (A-, I-, C-, F- and O-Class Units)
Wise Fixed Income ETF Portfolio (I-, C- and F-Class Units)
Wise Conservative ETF Portfolio (I-, C- and F-Class Units)
Wise Balanced ETF Portfolio (I-, C- and F-Class Units)
Wise Growth ETF Portfolio (I-, C- and F-Class Units)
Wise Maximum Growth ETF Portfolio (I-, C- and F-Class Units)
Wise 100 % Equity ETF Portfolio (I-, C- and F-Class Units)